

a.m. in room SD-215, to conduct a hearing on the business and financial practices of the American Association of Retired Persons.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

THE AGREEMENT BY GREAT BRITAIN AND CHINA ON THE ESTABLISHMENT OF HONG KONG'S COURT OF FINAL APPEAL

• Mr. MACK. Mr. President, the agreement reached last week by British and Chinese negotiators for a new Court of Final Appeal in Hong Kong is a grave setback to the rule of law in the territory. The deal violates the 1984 Sino-British Joint Declaration and its guarantees for Hong Kong's legal system by building on the 1991 secret deal on the Court, and using the 1990 Basic Law to make end runs around the Joint Declaration. In reaching this deal, the British side also conceded on the important matter of an early establishment of the court to prevent a gap in appellate jurisdiction in the colony during the transition from London's Privy Council to the new high court. Governor Patten claims that it was worth waiting until July 1, 1997, for the court to begin its work in exchange for an agreement. But this is really just postponement of a bad deal.

Under the Joint Declaration, Hong Kong's courts are vested with the judicial power, including the power of final adjudication. Also, under the Joint Declaration, judicial independence is explicitly guaranteed, and the elected legislature must confirm appointments to the Court of Final Appeal. Each of these explicit promises made in the Joint Declaration, signed in 1984 by Margaret Thatcher and Zhao Ziyang, is expressly violated in last week's deal.

I would like to address one aspect of the deal specifically—the provision under which Hong Kong's courts will, after 1997, be prevented from hearing and adjudicating matters known as “acts of state.” I specifically wish to address this because British and Hong Kong government officials are quietly advising that the act of state doctrine is extremely complicated and arcane. In effect, they are saying: “Don't try and understand it.” That is offensive.

The “acts of state” doctrine is not difficult to understand. In the common law, it is a well-known and narrow category involving actions by one sovereign vis-à-vis another, such as a declaration of war, or a treaty. The last such case arose in Hong Kong in 1947.

Under the terms of the agreement, Hong Kong's courts will be restricted from adjudicating “acts of state” as defined in the Basic Law of the Hong Kong Special Administrative Region. Beijing passed the Basic Law, often referred to as the colony's post-1997 constitution in 1990. The Basic Law contains numerous and substantial viola-

tions of the Joint Declaration, yet the uncritical acceptance of the document by Great Britain has allowed the Basic Law to play an insidious role in the transition to PRC rule.

Great Britain and the PRC have now agreed that Article 19 of the Basic Law will define the jurisdiction of Hong Kong courts. Article 19 provides that “acts of state such as defence and foreign affairs” will be outside the courts' jurisdiction. The deliberate ambiguity of this formulation leaves the matter up to Beijing which has already assigned the power of interpreting the Basic Law to the Standing Committee of the National People's Congress rather than Hong Kong's courts. The Basic Law's definition of acts of state now endorsed by the British government of Hong Kong is vague and will, without a doubt, be used by the People's Republic of China to deny Hong Kong's courts the ability to hear and adjudicate challenges to the Beijing-appointed government after 1997.

Both Britain and the People's Republic of China made specific and detailed commitments to preserving Hong Kong's legal system after 1997. In recent years, China has made its intentions regarding those commitments crystal clear: it will not honor them. Britain has been more subtle, styling itself as a defender of Hong Kong while engaging in diplomatic backsliding.

Great Britain's failure to meet its commitments regarding the rule of law will irreparably damage its historical legacy in the colony. I hope that in light of the strong criticism and concern that have been expressed at the announcement of this deal, Great Britain will revise its legislation on the Court of Final Appeal to make it consistent with the Joint Declaration. Furthermore, Great Britain and the Hong Kong government should move with speed and conviction to repeal colonial laws and establish an official human rights commission. •

ORDERS FOR WEDNESDAY, JUNE 14, 1995

Mr. COCHRAN. Mr. President, at the request of the majority leader, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9 a.m. on Wednesday, June 14, 1995; that following the prayer the Journal of proceedings be deemed approved to date, the time for the two leaders be reserved for their use later in the day, and there then be a period for morning business until the hour of 9:30 a.m., with the 30 minutes equally divided between Senators MACK and BRADLEY; further, that at the hour of 9:30 a.m. the Senate resume consideration of S. 652, the telecommunications bill, and there be 20 minutes for debate on the Feinstein amendment to be equally divided in the usual form, to be followed immediately by a vote on or in relation to the Feinstein amendment No. 1270, to be followed by a vote on or in rela-

tion to the Gorton amendment No. 1277, to be followed by a vote on the motion to invoke cloture on S. 652, with the mandatory live quorum waived.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER TO FILE SECOND-DEGREE AMENDMENTS

Mr. COCHRAN. I now ask unanimous consent that notwithstanding the provisions of rule XXII, all Members have until the hour of 9:30 a.m. in order to file second-degree amendments to S. 652.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. COCHRAN. For the information of my colleagues, there will be three consecutive rollcall votes beginning at 9:50 tomorrow morning. The third vote in the order is the motion to invoke cloture. If cloture is invoked, it is the intention of the majority leader to stay in session late into the evening on Wednesday with votes in order to complete action on the bill.

ORDER FOR RECESS

Mr. COCHRAN. If there be no further business to come before the Senate, I now ask unanimous consent that the Senate stand in recess under the previous order following the remarks of Senator SANTORUM.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SANTORUM addressed the Chair. The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. I thank the Chair. I appreciate the Senator from Mississippi providing this time for me.

THE PRESIDENT'S BALANCED BUDGET

Mr. SANTORUM. I rise to keep vigil with the President on his plans to introduce a balanced budget under the same circumstances that we had to in the Senate, with precise cuts, precise reductions in the rate of growth in some programs, changes in the tax law that would get us to a balanced budget.

Just a few minutes ago, the President concluded what he termed —this is from the White House press release— The President's Economic Plan: A Balanced Budget That Puts People First.

He just concluded a minute or two ago. Obviously, I was here on the Senate floor. I was not able to see the actual address, but I have before me—I feel like Johnny Carson—I have before me the actual press release that outlines how he is going to get to a balanced budget over 10 years. Now, it is interesting that he is going to take it over a 10-year period. You would think that balancing the budget over a 10-

year period would make it easier to balance the budget in the longer time to do it. That is not the case, however. Because of the demographic trends in our society and the entitlement nature of a lot of Government programs we have, spending actually kicks up higher and goes up faster in the years 2003, 2004, and 2005, those last 3 years of the 10-year budget, and therefore it is actually harder to get to a balanced budget over a 10-year period. In fact, while it takes under our proposal here that passed the Senate roughly \$1.2 trillion in spending cuts and interest savings to get to a balanced budget in 7 years, it takes about \$1.6 trillion in spending cuts and interest savings to get to a balanced budget over 10 years. So of this \$1.6 trillion, what does the President come up with? Well, here are the specifics.

And before I put this number up, we have had 25 days, counting yesterday, 25 days with no proposal to balance the budget from President Clinton. Now, we are waiting to see whether I have to put 26 up or whether the proposal put forward by the President tonight meets the straight-face test, whether the President actually has put forward a budget that accomplishes balance. This is the operative word—balance the budget, not plan for economic future, not Putting People First but balance the budget in 10 years.

So we are going to withhold judgment for now as to whether the President with the specifics he has offered tonight balances the budget. That is not to say that once he releases his document, which I am sure they are working on feverishly over at the White House, once they release this document and have all the specifics down that we will not give the President credit, but all we have is the information presented to us at this time, and since the Senate is recessing we have to go only by the information that the President provided us. So we will hold 26 here for a minute.

Here is what the President has provided in his plan. First steps toward health care reform while strengthening the Medicare trust fund—strengthening, not solving the problems with the Medicare trust fund. The President's plan calls for half the Medicare savings of the Republican plans (\$130 billion).

For those of you who do not have calculators at home, do not worry. I will in fact be keeping track of the savings here, and I will make sure we add them up and we do get the numbers the President needs to balance the budget.

So it is \$130 billion in savings for the President for Medicare cuts, but there would be no beneficiary cuts. He does not explain how he does that, but he suggests that he can do it without cutting beneficiaries. Fine, \$130 billion in deficit reduction.

Second is \$55 billion in Medicaid cuts. Again, that is a third of the level of what the Republicans proposed in our budgets. That is \$55 billion plus \$130 billion for the President.

Then he goes on and talks about protecting investment in education and training. That is paragraph 2 here in his press release. And he says, "The President's plan puts people first by preserving investments in education and training, with significant increases in Head Start, Goals 2000, AmeriCorps, student aid, a new GI bill of rights for workers that increases training through skill grants, and a \$10,000 education tax deduction."

Now, there is nothing in here that reduces the deficit. In fact, everything in here increases the deficit and increases spending. We do not know how much, though. He does not tell us exactly how much. All we know is that there are increases in spending in the President's budget that look to be, with a \$10,000 education tax deduction, potentially a significant amount of money, but again we do not know, we do not know whether any of these are new entitlements and how they will grow in the next 10 years. But we do see, I suggest, significant increases here, but we cannot account for those.

Next is a tax cut targeted only to working families. Again, no deficit reduction here. We are talking about the President's middle-income tax cut which he has proposed, which is the education deduction, tax credit for children and expanded IRA's.

Under the President's original proposal when he proposed his budget in February, that plan cost about \$65 billion over 5 years. Over 10 years, that number, you would think, would be double that but, in fact, because of the way it is back-end loaded—he back-end loads that tax cut—it is actually dramatically more. We do not have a score in on that, but I suspect it is at least \$150 billion, or more, in costs.

So on the one side you have \$130 billion—try to keep this in your mind—on Medicare, \$55 billion on Medicaid, and on the other side you have a questionable amount of money on education and about \$150 billion plus in tax cuts. OK? This is not exactly the straight road to a balanced budget, but we are not done yet.

No. 3, components of savings for the balanced budget. Here is where we really get down to the brass tacks and get serious about balancing the budget. He restates his Medicare and Medicaid savings. I hope he does not count them twice because they appear twice in this document, but they are here for repetition sake. Welfare reform has savings of \$35 billion—\$35 billion. That now goes on the cut side, and we add that to the \$130 billion and \$55 billion. By the way, that is half of what the Republicans have proposed in the budget resolution that passed the Senate.

Corporate contributions of \$25 billion over 7 years through a bipartisan effort to close corporate loopholes, special interest tax breaks and unwarranted corporate subsidies. OK, that is another \$25 billion on the tax-increase side, but deficit reduction side.

Now we go to the last page of these three pages. Other than education, re-

search and selected investments in the environment and other areas, domestic discretionary spending is cut by over 20 percent in real terms near the end of the plan—near the end of the plan.

So what he is suggesting is that over 10 years, we will take the number of about, I think it is, \$270 billion today is what we spend on discretionary spending overall. Obviously, a chunk of that is education and other things he says is taken off the sheet and says we are not going to cut that. I do not know how much that is. I am working off the back of an envelope here. You might not be able to tell that.

We have a number less than \$270 billion that he is going to reduce by 20 percent over 10 years. So we are going to get from \$270 billion roughly down to \$215 billion over 10 years.

The Republicans, in their budget, I think, get down to over 7 years about \$225 billion. So they only take it down a little more than where the Republicans already had it, which is not a substantial savings. I do not know how they do that. I would suspect you are going to see savings generally in the area of around \$75 billion overall. So we will give him that amount of money roughly, although we do not know the specifics. I think that is a generous allocation.

Finally, defense outlays in the President's plan are above both the House and Senate levels. Let me repeat that. Defense outlays in the President's plan are above both the House and Senate levels in fiscal year 2002. So he is talking about higher defense spending than what we passed here. Yet, savings are achieved by keeping budget authority constant from 2002 to 2005. In other words, we are going to spend more money the first 7 years but less money the last 3 years, and that will offset the spending here.

What it sounds like is defense is a wash. In other words, we are not going to spend any more or less; there is no real reduction in spending in defense. So how do these numbers add up, because that is it, there are no more specifics on how the President gets to a balanced budget.

I remind you, going back to the beginning of this talk, the President, in order to balance the budget, has to come up with spending cuts and interest savings that total \$1.6 trillion over 10 years, and they have to be scored by someone other than someone who is working for the Democratic National Committee, someone who is independent, like the Congressional Budget Office, to look at this and score it as to whether these are real: \$1.6 trillion, specified cuts in the Clinton bill—specified—\$245 billion out of \$1.6 trillion, \$245 billion are specified.

Another \$75 billion, I figured out, in discretionary spending could be cut. That is a rough estimate. So we will give the President the benefit of the doubt of \$315 billion in spending cuts

and offset that with at least \$150 billion in increases because of his tax cut, which gives you a net of about \$165 billion.

Tonight, the President of the United States went on national television for 5 minutes with a plan that he submitted—here—to all of us and gave us a little cheat sheet on what he was going to talk about that cuts 10 percent of what he needs to get to a balanced budget over 10 years—10 percent. He puts forward 10 percent of the cuts he needs to balance the budget over 10 years.

I do not know if that meets the straight-face test. I do not think it does. I think when the President of the United States comes and says he is going to present an economic plan to balance the budget over 10 years, then comes before the American public on national TV, which the Vice President was able to ascertain for him, and then comes up with only 10 percent of the cuts necessary to get to a balanced budget, I am not too sure that this number "6" does not belong up on that board. I am not too sure that the President has come to the table yet with a serious plan that scores as a balanced budget.

Certainly, the details that he has offered and the notes that have been hazarded slipped to me by my staff as he listened to his speech certainly do not give me any further indication, any further specifics about how the President accomplishes this goal. But to come forward on national television—on national television—saying he is going to balance the budget and come forward with 10 percent, that is an insult. It is an insult. It is an insult to all of us who sit there and work hard to try to make this happen, and it does not do much to elevate the stature of the President's office.

If you are going to come to the American public, if you are going to say you will play straight, if you are going to be specific on how to do it, do not try to finesse them again. Someone is watching. Someone is going to pay attention to the details, and you are not going to be able to keep fudging the fact that you are not coming forward with the tough decisions. And stretching it out over 10 years, you will find, does not make it any easier.

So tonight I have to put up number "6." Five-minute speeches on national television do not count. Facts, specifics, documents, vision, plans count. All of those were in the Senate-passed budget resolution, every one of them. They changed the dynamics of Government. They provided vision of how we are going to challenge the problems, to take those challenges on in the future. We solve the Medicare trust fund problem. The President does not do any of those things. He felt the pressure.

I do not know whether he started off his speech saying, "Here I am," in response to my talks on the Senate floor, but if he did, he came up short. He, in fact, is not found yet. We still do not

know where the President is when it comes to putting forth measures to balance this budget.

And so while there are many other things I would like to do at 9:20 in the evening than come and talk about the President and his inability to lead this country, I will continue to come back until I get the specifics of how the President is going to put forward a plan to lead this country into the future. And to date, day 26, the President is still absent without leadership, and has still refused to come to the table.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Under a previous order, the Senate would have stood in recess until 9 a.m. on June 14. Does the Senator from Connecticut rise to ask unanimous consent to speak?

Mr. DODD. Mr. President, I do. I ask unanimous consent that I may be able to proceed for 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUCCESSFUL EFFORTS AT DEFICIT REDUCTION

Mr. DODD. Mr. President, I did not intend to come on over to the floor, but I wanted to respond to some of the comments I heard being made about the President's brief remarks this evening on national television and the majority leader's remarks which followed the President's comments, the distinguished Senator from Kansas, Senator DOLE.

I know it is not typical at this kind of a moment to want to commend, I suppose, the leadership, but I want to do so. I thought the President gave a very fine speech this evening, and I want to commend the majority leader for his remarks.

One thing that is clear to me is that people in this country would like to see the people in this town put aside the partisan bickering and try to come up with some answers to a problem that has been growing over the last 15 or 16 years.

This President arrived in this town 30 months ago, having served as the Governor of a State, not unlike the Presiding Officer tonight in the Senate, and was not a party to the events which unfolded beginning in early 1980.

I noted earlier that this President for 30 months now has made a significant effort, and a successful one, in deficit reduction. For the first time in many, many years, going back to the Truman administration, we have now had 3 years of significant deficit reduction, \$600 billion. We still have a long way to go to achieve that goal.

I looked at the candidates running for the Presidency, the announced candidates, and I am looking at 100 years collectively of experience in this town. Some go back to 1960; many go back to the 1970's. They were here as this mountain of debt was accumulated. So to point an accusing finger at this President as if somehow it was his fault for what has happened over the last 15 or 16 years I think is unfair.

Mr. President, the point is this: We can go through this process over the next 7 or 8 weeks or months and score our political points one on the other, and maybe one party or the other will prevail in the elections of November 1996, but if at the end of all of that we have not really done what the American public has asked us to do, then one party or one candidate or another may be successful, but the country will be that much worse off 9 or 10 months from tonight.

So I rise to commend the President for offering a proposal, laying one on the table which is different than what was passed in the House and the Senate, but does lay out some options for us to consider; hopefully, for some common ground to come around the issue of how we reduce this deficit and do so in a balanced and fair way so that the country moves forward.

Deficit reduction is a critically important issue. But the wealth of this Nation is not merely tied to just deficit reduction. It is also the investments we make. It is also the pace at which we achieve that deficit reduction.

Who pays in the process for trying to achieve that goal? The President this evening laid out a 10-year proposal rather than a 7-year proposal. He offers to cut Medicare by one-third the cuts that have been proposed by the budget that was adopted in this body and the other. He does so by suggesting that those cuts could come not from the beneficiaries but from providers and others.

I have my concerns about it, but I see it as a more moderate proposal as we try and beef up and shore up the Medicare trust fund.

The President has offered a tax cut. I, frankly, would not have any tax cuts over the next several years. I think, frankly, deficit reduction is a far more important goal. Incorporating the tax cuts in that mix, I think, is unwise.

But the President's tax cut proposal is some \$66 billion over 7 years, rather than something between \$250 and \$300 billion over the same period. His tax cuts go toward middle-income people in this country, particularly those with children and those who have children of college age, to try and defer, or at least lessen some of those costs.

The President also suggests that we can do this, achieve this balanced budget, in 10 years, by cutting some 20 percent out of the existing programs. That, I am sure, will be a tremendous battle here over the coming months.

However, he has put a proposal on the table. He has extended the hand. He is not a Member of Congress. He is not the head of the political party. He is not a Governor. He is the President of our country. He will be so until January 20, 1997, if he is not reelected.

The President is leading. He is offering all—Republicans and Democrats in this body—an opportunity to put aside that bickering, to put aside that name-calling, and to come to the table and deal with America's problems.